

## **This Week in Agriculture:**

**A Mixed Bag of Information from the Week That Was: June 24, 2011**

- **Big money hedge funds and commodity players exiting their positions weighed heavy on all three markets this week. Overall July corn lost another 30 cents, with December down 28. July soybeans were 13 cents lower, with November soys losing 24 cents. July wheat lost 37 cents.**
- **The first ever G20 agriculture summit was held in France this week. Member countries of the G20 account for 65% of the world's farmland, as well as 77% of global grain output. The focus of this week's meeting was the increase in food prices and market volatility. The goal it seems is to reduce the amount of fund activity and speculation that occurs in today's markets.**
- **Proposals from this week's event involved limiting export bans, setting up a global system to track grain production and stocks, as well as limiting speculative interest in commodity markets. French president Nicolas Sarkozy was quoted saying, "By addressing the volatility of agriculture markets, in assuring food security for the world today and tomorrow, we will rebalance the structure of capitalism."**
- **At the same time the SEC finalized rules from last year's financial regulatory bill that would expose the inner workings of hedge funds that are actively trading in the market. The rules require all hedge funds and other private funds to register with the SEC. These rules will also require funds and fund companies to explain in detail the funds they are managing and how their company invests the money they handle, among other in depth requirements.**
- **Increased regulation and a crackdown on fund investment really caused jitters throughout the marketplace. According to a large global bank the amount of commodity assets under management climbed to a record 451 billion dollars in April. A 53% increase in investment money from a year ago. With that kind of "outside" money in the market volatility is only likely to increase as we move into this year's growing season.**
- **From a fundamental standpoint nothing has really changed. We still have uncertainty over just how much corn, soys and wheat we will be able to produce this year. Final acreage numbers as well as yield potential are still hotly contested. The USDA will issue their updated acreage and quarterly stocks report next Thursday the 30<sup>th</sup>. Quarterly stocks will be vital in figuring out where we're sitting when it comes to total usage and how much we have on hand as we go into the final quarter of the marketing year.**

**At this point it seems the path of least resistance is lower. However the significant drop in prices may help to stimulate demand, especially from global customers like China and Japan. The extended forecast released this afternoon is calling for hot and dry weather throughout the Corn Belt through the 8<sup>th</sup> of July. It will be interesting to see where we head as we move forward. Keep in touch, it's not too late to get your target orders in. World leaders meddling in grain prices will likely keep a lid on prices in the short term, but that doesn't mean opportunities won't still present themselves if any sort of production problem were to arise. We'll have the USDA numbers out for you on Thursday after their release. Give us a call with any questions, we're here to help!**

**All the Best!  
Angie Maguire  
Citizens LLC**

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